

**Regional Partnership
For
Decentralization and Local Governance
In the Americas**

**USAID Quarterly Report VIII
July 1, 2000-September 30, 2000**

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1. Partnership Activity Summary

The *Regional Partnership for Decentralization and Local Governance* will serve as a vehicle with which to implement the Summit of the Americas Plan of Action II, Strengthening Municipal and Regional Administrations. The *Partnership* will contribute to the LAC Regional Sustainable Development Office's Strategic Objective #5 (SO5): "Reinforcement of regional trends that deepen democracy in Latin America and the Caribbean." The *Partnership* will also contribute to LAC's Intermediate Result #2 (IR2): "Strengthened regional mechanisms to improve public sector legitimacy."

1.1 Component 1: Donor Consultation

The international donor community will establish a Donor Consultative Group (DCG) for Decentralization and Local Governance in Latin America and the Caribbean. ICMA will serve as the DCG Executive Secretariat.

Activities and Accomplishments this Quarter:

The activities during this quarter have served to solidify the Donor Consultative Group. The Steering Committee of the International Forum for Cooperation on Local Government in Latin America and the Caribbean (the Forum) held a telephone conference to discuss a series of topics, including Forum membership, technical representatives, working groups, website, and meetings and events. The Steering Committee is comprised of the Technical Representatives of the following members of the Forum: Inter-American Development Bank, World Bank, FEMICA/IULA-CETAM, GTZ, USAID, IULA/CELCADEL-FLACMA and ICMA.

This meeting was of great relevance for the Forum in that it set the foundation upon which Forum activities will be developed and implemented. By limiting Forum membership to bilateral, multilateral and cooperation agencies and institutions, the Technical Secretariat can better address the needs of members as it facilitates dialogue and information exchange among them. The roles and responsibilities of Forum Technical Representatives were defined by the Steering Committee with the understanding that their participation is at will. Four working groups were created with the objective of focusing the discussion on decentralization in Latin America and the Caribbean to those areas of greatest interest for Forum members. The working groups are on training, municipal finance, disaster mitigation and performance measurement. Although the Technical Secretariat will hold a general discussion on decentralization policies, there will most likely not be a working group established for this purpose. Ways to make the Forum's website more useful for members were also discussed. Finally, a series of events were discussed as potential meeting places for the Forum. (For more information refer to Annex 1 - Steering Committee Telephone Conference Meeting Notes August 17, 2000.)

Following the telephone conference, the Technical Secretariat of the Forum prepared a workplan for the Forum. The workplan outlines the expected results, indicators and activities of the Forum for this fiscal year (Annex II).

Municipal Finance Working Group

During this quarter, the Forum's Municipal Finance Working Group, led by RUDO/Guatemala and the Technical Secretariat, began preparations to launch their first activity, an E-Conference on Capital Markets. A panel of experts was invited to participate in an exchange on financial disclosure and reporting requirements in capital markets. The Technical Secretariat prepared an informational document and invitation to participate in the E-Conference (Annex III), which is scheduled to take place the week of October 30, 2000.

Effective Local Governance: Innovative Approaches to Improving Municipal Management – Montego Bay, Jamaica

The Unit for the Promotion of Democracy at the OAS continues to edit the proceedings of the OAS Jamaica Conference. It is expected that they will be finalized in the next quarter.

Activities for the Next Quarter

- During the next quarter, ICMA will formally present a revised budget for the Cooperative Agreement to the LAC bureau for approval.
- ICMA will prepare a draft of the Forum's policy guidelines and submit it to the Steering Committee for their comment and approval.
- The Forum's Municipal Finance Working Group will host the E-conference on financial disclosure and reporting requirements in capital markets. Invitations will be sent out to Technical Representatives of the Forum so they can assist the Technical Secretariat in securing participants from the institutions they represent. The listserve on which the e-conference will be held will be set up and tested by Net Assessment.
- The proceedings from the OAS Jamaica Conference will be finalized during the next quarter and disseminated to Forum members through the website and announcement in the Forum's E-newsletter.

1.2 Component 2: Information Exchange and Networking

ICMA will work with regional entities to establish sustainable mechanisms for the exchange of information and experience between and among regional organizations, municipal associations and local governments, and NGOs throughout the Americas.

Summit of the Americas Follow-up

ICMA attended the USAID organized meeting for Civil Society Organizations in preparation for the Summit Implementation Review Group (SIRG) meeting in Canada on October 3, 2000. The objective of the meeting was to discuss action items to include in

the United States' Strengthening Democracy basket. Participants were separated into working groups to discuss the proposed action items for each area within the democracy basket: democratic institutions, human rights, rule of law and public security, and civil society. ICMA participated in the Civil Society working group where the topic of decentralization was addressed. Among the conclusions of the group was the need for Summit leaders to ratify the Miami Mayor's declaration.

In a separate meeting with the OAS, USAID, Federation of Canadian Municipalities (FCM), ICMA, and the OAS Office for Summit Follow-up, it was agreed that, should the declaration be ratified by Summit leaders, the OAS, USAID, FCM and ICMA would work together to track implementation of the declaration through the Forum, among other means.

Concurrently, ACHM and PARTICIPA continue to work on obtaining feedback on the implementation of the mandate of the Presidential Summit of the Americas in strengthening municipal and regional administrations. To date, PARTICIPA has sent out surveys to governmental entities and municipal associations in Argentina, Bolivia, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. Once all the responses to the surveys are received, they will be summarized and presented as a proposal for the preparation process for the next Presidential Summit of the Americas scheduled to take place in Quebec City, Canada in April 2001.

Forum Website

The Forum's website (www.latinterforum.org) was redesigned during this quarter. ICMA worked with Net Assessment, Inc. to develop the new design and begin uploading information on the new website. The new website, which is still under construction, contains the following sections: home, news, about the forum, site map, messages, search, library, meetings, programs and contact boards. It is expected that the website will become an important resource on decentralization and local government for members.

E-Newsletter

The Forum's second E-newsletter was prepared during this quarter and will be distributed during the next quarter to all Forum members (Annex IV). The E-newsletter highlights events and activities that have recently taken place or that will take place in the near future. It also informs Forum members of training courses available and of other relevant news items. The E-newsletters will come out once every two months, with periodic messages sent out through the list serve as needed.

Activities for the Next Quarter

- ICMA will continue to monitor summit preparatory meetings. It is expected that during the next quarter, ACHM and PARTICIPA will finalize the study on the implementation of Summit mandates.

- During the next quarter, Net Assessment will finalize the Forum's website. ICMA will inform all Forum members of the launching of the new website through the Forum's listserve. ICMA will develop a marketing strategy for the Forum's website which will aim at disseminating information on how the website and other IT resources can support member activities and facilitate information sharing.
- ICMA will send out the two E-newsletters to all Forum members during this quarter. In order to do so, ICMA will continually update the Forum contact list and keep in touch with Technical Representatives so that they can provide input on information and events.

1.3 Component 3: Local Government Training

ICMA will provide leadership in collaboration with U.S. and Latin American and Caribbean universities, regional and national associations, and municipal support NGOs in designing and implementing practical, affordable, needs-driven and results-oriented local government training programs in Latin America and the Caribbean.

Activities for the Next Quarter

The activities planned for this component in the last Quarter were postponed and are expected to get underway during the next Quarter. This includes a Forum discussion on the diagnostic and the creation of a working group to promote dialogue on local government training issues.

ANNEX I:
International Forum for Cooperation in Local
Government in LAC: Steering Committee Telephone
Conference Meeting Notes
August 17, 2000

CONFERENCIA TELEFONICA DEL COMITE DIRECTIVO DEL FORO

17 de agosto del 2000

LISTA DE PARTICIPANTES

José Brakarz – Especialista en Desarrollo Urbano – Banco Interamericano de Desarrollo

Elio Codato – Especialista Principal sobre Asuntos Urbanos – Banco Mundial

Patricia Durán de Jager – Directora Ejecutiva – FEMICA/IULA-CETAM

Joachim Fritz – Asesor Urbano - GTZ

Paul Fritz – Oficina de USAID para América Latina

Rita Ossolinski - Directora de Comunicación e Información - ICMA

Margaret Sarles – Oficina de USAID para América Latina – Jefa de Equipo - LAC/RSD-DHR

Jaime Torres Lara – Director Ejecutivo – IULA/CELCADEL/FLACMA

Moderadora:

Isabelle Bully-Omictin – Directora de Programas para América Latina y el Caribe – ICMA, Secretaría Técnica del Foro

Objetivo de la Conferencia

1. Composición y membresía del Foro
2. Definir las responsabilidades de los representantes del Foro y de los grupos de trabajo
3. Establecer un plan de trabajo para el próximo año fiscal del Foro, correspondiente al de la USAID

I. Definición de categorías para membresía

El primer ítem de discusión se centró en reafirmar la naturaleza del Foro. Se hizo un reconocimiento a las instituciones fundadoras del Foro: la USAID, el BID, el Banco Mundial, FEMICA/IULA-CETAM y IULA/CELCADEL/FLACMA. Los miembros del Foro son instituciones bilaterales, multilaterales y agencias de cooperación.

Patricia Duran de Jager comentó que el rol de FEMICA/IULA-CETAM y IULA/CELCADEL/FLACMA es de proveer apoyo y retroalimentación al Foro – para asegurar que los resultados del Foro beneficien a las entes locales a las que representan. Ella notó que, siendo el objetivo del Foro la promoción y la coordinación entre sus miembros y al interior de cada institución miembro, es importante facilitar un diálogo entre miembros del

Foro que permita un franco intercambio de ideas y políticas (discusiones “cerradas” a través del tablero de noticias del sitio Web).

Jaime Torres tomó esta oportunidad para recordar a los participantes de la conferencia telefónica, que a su opinión, este Foro representa un espacio importante para que las instituciones multilaterales de cooperación para el desarrollo y los municipios representados por IULA/CELCADEL/FLACMA y FEMICA/IULA/CETAM realicen y ejecuten programas y proyectos en sociedad, además de ser un espacio de intercambio para facilitar el diálogo abierto entre los miembros del Foro.

Se entró en un debate sobre si el Foro está constituido como un Foro político o técnico. El representante de la GTZ, Joachim Fritz, reiteró que la GTZ no tiene el mandato de coordinar al nivel político y subrayó la importancia de no hablar simplemente del Foro como un “foro de donantes,” sino un foro de agencias de asistencia técnica y cooperación. Paul Fritz mencionó que es muy difícil establecer una división clara entre lo que es técnico y político. El diálogo sobre los fondos de inversión social, por ejemplo, es parcialmente técnico y tiene una implicación política/institucional. Lo mismo se puede decir acerca del diálogo sobre la Cumbre de las Américas. La idea es tratar de tener políticas técnicas sanas pero buscar cómo influir en las políticas institucionales para que éstas sean más racionales. Al final el grupo concordó que el Foro es un Foro técnico cuyas actividades y esfuerzos de colaboración y coordinación tienen implicaciones políticas.

II. Definición de responsabilidades de los representantes técnicos

El Foro está conformado por representantes técnicos cuyas responsabilidades incluyen:

1. Proveer información sobre contactos útiles (representantes políticos y personal de organizaciones miembros.)
2. Asegurar que otras personas interesadas dentro de cada institución sean invitadas a formar parte de las actividades e informadas sobre esas actividades.
3. Divulgar los resultados de las investigaciones y actividades del Foro (buscar estrategias de difusión.)
4. Contribuir información sobre programas, políticas y eventos de interés para el Foro.
5. Aprobar participación en el list serve y tableros de noticias.

En muchas instancias, la persona denominada como representante técnico al Foro no será la misma persona que participe en las reuniones o discusiones virtuales. Será responsabilidad del representante técnico nombrar a la

persona más idónea dentro de su organización como su subalterno en distintas actividades.

También se mencionó la necesidad de definir políticas para el Foro. Igualmente, surgió la necesidad de involucrar a personas con mayor influencia en las políticas de sus respectivas instituciones con la esperanza de que ellos puedan respaldar y tomar decisiones relacionadas con las acciones ejecutadas a través del Foro. Los representantes técnicos también tendrán la responsabilidad de identificar esas personas. Pueden haber varios representantes políticos ya que se van a tratar diferentes temas. La Secretaría propuso sostener una reunión de representantes políticos en Chile el próximo año en la reunión anual del BID.

Acción requerida: La Secretaría tomará contacto con la oficina encargada de la Reunión Anual del BID para coordinar la fecha y el lugar en que el Foro podrá reunirse durante una jornada, al igual que organizar un seminario o panel. Una vez se haya tomado contacto, se difundirá información al Comité Directivo del Foro sobre la fecha y evento a programarse.

III. Creación de Grupos de Trabajo

Surgió la inquietud sobre el hecho que hasta ahora el Foro no ha tenido resultados concretos. En respuesta, la Secretaría sugirió la creación de los grupos de trabajo propuestos en el documento de anteproyecto del Foro y confirmados como temas claves durante las reuniones del Foro:

- Capacitación
- Finanzas municipales
- Medición de desempeño
- Mitigación de desastres.

Los grupos de trabajo lograrán que el Foro aterrice en lo concreto y tenga un valor agregado; permitirán una mejor coordinación técnica y política entre las instituciones que participarán en los grupos de trabajo.

Se añadieron dos temas adicionales: decentralización y pobreza. Se acordó que el tema de decentralización se estudiará en un foro de discusión en vez de a través de un grupo de trabajo. El tema de pobreza, propuesto por Patricia de Jager, provocó una discusión acerca de cómo enfocarlo, ya que además de ser extremadamente amplio, tiene implicaciones sobre todos los demás temas. Se sugirió organizar un panel con el apoyo de CEPAL (Chile) sobre «El Papel del Municipio y la Pobreza» en la Reunión Anual del BID agendada para el próximo año.

Acción requerida: La USAID (Paul Fritz) tomará contacto con CEPAL para, en primer lugar, invitar a esa institución a formar parte del Foro y proponer que nos apoyen en la

organización de un panel durante la Reunión Anual del BID que tenga incidencia en uno de los temas tratados por el Foro.

Objetivos de los Grupos de Trabajo

1. Intercambiar ideas y políticas acerca de los temas a tratar, con el propósito de mejorar la coordinación a lo interior de las instituciones, con sus oficinas/misiones nacionales y entre organismos donantes.
2. Establecer un plan de trabajo que resulte en un producto de valor agregado para el Foro.

Estructura de los Grupos de Trabajo

Cada grupo necesitará un foro electrónico de discusión y una primera reunión física que podría coincidir con otro evento relacionado al tema. La organización que tome el liderazgo de cada grupo tendrá que coordinar con ICMA los foros electrónicos, eventos y el apoyo técnico que se requerirá (por ejemplo, apoyo de investigación.) A cada grupo se le asignará una persona de la Secretaría como enlace.

Grupo de Finanzas Municipales

La Oficina Regional de Desarrollo Urbano para América Latina de la USAID, ubicada en la Ciudad de Guatemala, liderará este grupo. Sarah Wines, la Directora de esta oficina, y Elizabeth Bauch, miembro del equipo del RUDO, son las principales contactos. El enlace de ICMA es Oscar Rodríguez, Asesor Municipal.

Hasta el momento, se han sostenido reuniones con el BID (Priscilla Phelps) y se ha elaborado una propuesta para el grupo con el siguiente objetivo:

- Establecer un entendimiento común entre los donantes y las agencias de cooperación sobre los requisitos necesarios para que gobiernos locales desarrollen mercados locales viables con acceso a capital.

Algunas actividades que han sido sugeridas para este grupo incluyen:

1. Propuesta: Participación a través de un panel de expertos en un encuentro en México sobre sistemas integrados de información administrativa y financiera para gobiernos subnacionales en noviembre en Veracruz.
2. Conferencia electrónica a través de un list serve con el objetivo de consensar el contenido y la representación del panel en México. En esta conferencia participarían profesionales que trabajen el mercado de capital que apoya a los gobiernos locales: representantes de Moody's, Standard and Poor's, Deloitte, Arthur Anderson (auditores), las juntas de estándares para los gobiernos y las entidades que promulgan estándares y normas financieras (Government Accounting Standards Board, Financial Accounting Standards Board), así como

un representante de la GFOA (Asociación de Oficiales Financieros de los Gobiernos de los Estados Unidos y Canadá), entre otros.

Se ha elaborado una lista preliminar de preguntas:

1. ¿Quiénes son los principales actores en un mercado de capital que sirve a gobiernos locales?
2. ¿Cuáles son las necesidades de este mercado para la divulgación completa y presentación de informes con información financiera relevante y veraz ?
3. ¿Qué sistemas se requieren para responder a estas necesidades?
4. ¿Cuáles son las características de un sistema ideal?
5. ¿Cuáles son los sistemas para cumplir con las necesidades de un mercado de capital emergente?
6. ¿Cuáles son las necesidades mínimas de divulgación e informes financieros acerca del endeudamiento local en mercados de capital emergentes?
7. ¿Cómo se puede construir un sistema que responda a estas necesidades?

Grupo de Capacitación

El Grupo de Capacitación aún no ha sido conformado. La Secretaría recomendó que la GTZ tome el liderazgo del mismo. Joachim Fritz prefirió no comprometer a la GTZ en ese momento pero prometió evaluar la posibilidad e identificar a la persona más idonea para liderar el grupo. Este grupo contaría con la participación activa de IULA/CELCADEL, que propone crear un «sistema latinoamericano de capacitación municipal.» Este sistema, cuya creación se acordó en un seminario en Cartagena sobre «Estrategias y Tecnologías Innovadoras de Capacitación a los Gobiernos Locales », que tuvo lugar del 31 de julio al 5 de agosto, servirá de base para desarrollar un programa coordinado de capacitación que trate de fomentar mayor coherencia y asegurar una menor duplicación de esfuerzos en la oferta de capacitación. En este sentido, está conforme con los objetivos del Foro y habrá una retroalimentación entre el Foro y el sistema. Por medio del listserve, los miembros del Foro serán informados sobre acontecimientos y tambien invitados a participar en una conferencia en Rio de Janeiro que resultará en algunos acuerdos claves para este sistema de capacitación.

Jaime Torres mencionó que IULA/CELCADEL ha acumulado una amplia experiencia y experticia en temas de capacitación a gobiernos locales a través de 17 años de trabajo. Aunque IULA/CELCADEL jugará un papel importante en este grupo, la Secretaría ha determinado que los grupos de trabajo deben ser liderados por donantes o agencias de cooperación como catalizador para la coordinación.

Al igual que para los otros grupos, ICMA nombrará una persona para servir de enlace al grupo, asistir y sugerir otros temas de discusión cuando sea oportuno.

Acciones requeridas:

- Jaime Torres enviará información acerca del sistema de capacitación y sobre el taller en Cartagena.
- Elio Codato estará en contacto con Victor Vergara del Instituto del Banco Mundial acerca del grupo y de su participación.
- José Brakarz identificará a la persona más idónea del BID para ingresar al grupo.
- Joachim Fritz consultará con sus colegas en la GTZ para determinar si ésta puede tomar el liderazgo del grupo de capacitación y designar a la persona a cargo del mismo.

Grupo de Medición de Desempeño

Una de las inquietudes expresadas en la conferencia en Costa Rica se refiere al tema de medición de impacto de los programas de asistencia técnica a gobiernos locales. En realidad, se buscan indicadores de desempeño municipal que puedan ayudar a las agencias de cooperación técnica determinar el impacto de sus inversiones y programas. Hasta el momento, se han iniciado varios esfuerzos hacia la creación de esos indicadores.

Notables son las iniciativas del Banco Mundial y del BID. Elio Codato mencionó que el Banco Mundial está tratando de establecer un conjunto de indicadores para el programa «Adaptable Program Credit», pero parece que no estará listo hasta dentro de un año y medio. José Brakarz hizo una distinción entre dos tipos de indicadores de desempeño: fiscal y de gestión. El sugirió que el BID y el Banco Mundial trabajen juntos en el desarrollo de estos indicadores. Jaime Torres también mencionó que a través del Proyecto RedComun, financiado por la USAID, IULA/CELCADEL organizó el año pasado un evento sobre indicadores y prometió enviar la información sobre el mismo al grupo. La USAID en México también financió un sistema de medición de desempeño de la gestión municipal en forma de un índice y desde hace muchos años utiliza indicadores para medir el impacto de sus programas.

La Secretaría propone a Oscar Rodríguez como enlace para este grupo. Oscar ha estado involucrado en los esfuerzos de ICMA, financiados por la USAID, para establecer un programa de medición de desempeño en México y ha desarrollado y facilitado talleres sobre la medición de desempeño para gobiernos locales en México, Argentina, y Paraguay.

Acciones Requeridas:

- El Comité deberá escoger a una organización para encabezar el grupo.

Grupo de Mitigación de Desastres

Este tema ha sido de mucha vigencia últimamente. Hay necesidad de mejorar la coordinación entre los donantes y las agencias de cooperación. La inquietud de la USAID, expresada por Paul Fritz, es de cómo desarrollar la capacidad al nivel local y promover la divulgación de casos exitosos. Elio Codato mencionó que hay una Oficina para la Atención de Desastres en el Banco Mundial y que el individuo a cargo de esa

oficina para América Latina es Arnaud Guinard. En el BID, Caroline Clark es la persona idónea y en la GTZ, Wolfgang Stieben es la persona involucrada con el Projecto FEMIT en Guatemala, donde ya ha habido coordinación con el Banco Mundial. Patricia de Jager sugirió hablar también con la OEA.

Acciones Requeridas:

- La Secretaría hablará con los miembros del Comité y con los otros representantes técnicos del Foro para identificar una organización capaz de liderar este grupo.

Grupo de Decentralización

El Foro debe promover el debate sobre los procesos de decentralización que ocurren actualmente en América Latina. En Abril, durante la reunión en la Mesa Redonda que tuvo lugar en Washington, D.C. el 25 y 26 de abril del 2000, el Banco Mundial y el BID expresaron algunas inquietudes sobre los impedimentos a la decentralización y fortalecimiento de gobiernos locales. La Secretaría se compromete a impulsar dentro del Foro una discusión entre los donantes y las agencias de cooperación sobre estos procesos de decentralización. Igualmente, la Secretaría desea lanzar una discusión virtual en el tablero de noticias del sitio web sobre este tema. La Secretaría pidió a los miembros del Comité leer el informe sobre la Mesa Redonda redactado por Patricia Durán de Jager.

Acciones Requeridas:

- Los miembros del Comité Directivo deben enviar a la Secretaría una serie de preguntas que formarán el marco para la discusión del tema de decentralización que se llevará a cabo en el tablero de noticias.
- La Secretaría contactará a un individuo miembro del Foro que servirá de moderador para la discusión virtual sobre la decentralización.

III. Sitio Web

Actualmente, la Secretaría está reorganizando el sitio web del Foro de manera que contenga información más útil para el Foro y que no repita la información y los contenidos de los sitios de web de sus miembros. Existen varias propuestas:

- Inventario de programas de apoyo a la descentralización y gobiernos locales por país. Este esfuerzo no es únicamente de la Secretaría; los miembros del Foro tendrán que informar a la Secretaría y compartir con el Foro inventarios ya

- existentes, como el del BID en la República Dominicana. Este inventario incluiría programas en planificación o bajo diseño.
- Lexicon de terminología y procedimientos de cada organización miembro – para explicar los ciclos de proyectos e informar sobre cuándo y cómo es apropiado intervenir.
 - Ejemplos de coordinación entre donantes y agencias de cooperación. Un buen ejemplo es Bolivia, donde hay una estrecha colaboración entre la USAID, la GTZ, el BID, los Holandeses y otros. La Secretaría hará conocer al Foro los detalles de este tipo de coordinación y pide que los demás miembros del Foro envíen este tipo de ejemplos a la Secretaría. (Honduras podría ser otro ejemplo.)

IV. Eventos/Reuniones

Hay varias reuniones y eventos que fueron mencionados anteriormente, donde podrían ocurrir reuniones del Foro o de los grupos de trabajo:

Para el grupo de finanzas municipales:

- Conferencia Banco Mundial/BID sobre Fondos de Inversión Social (todavía no concretada – para noviembre 2000)
- Reunión en Veracruz, México sobre sistemas integrados de información administrativa y financiera (todavía en forma de propuesta – BID/Casals & Associates)

Para el Foro entero:

- Reunión Anual del BID en Chile en Marzo 2001

En el plan de trabajo del Foro, se establecerá la modalidad y frecuencia de las reuniones del Foro.

V. Plan de Trabajo

Actualmente ICMA está en el proceso de desarrollar un plan de trabajo basado en las discusiones del Comité Directivo.

ANNEX II:
Workplan for the International Forum for
Cooperation in Local Government in LAC
corresponding to USAID FY01

Work Plan for the Forum for Cooperation on Local Government in Latin America and the Caribbean (the Forum) – USAID FY01

A. Steering Committee

Result: Steering Committee, comprised of representatives of donor and technical cooperation agencies, provides guidance to and actively participates in the Forum.

Indicators:

- Steering Committee reviews and comments on the annual Forum work plan corresponding to USAID FY01.
- Policy guidelines for the Forum are approved by the Steering Committee.

Activities:

- 1) Technical Secretariat will submit Forum policy guidelines to the Steering Committee for their comment and approval. The guidelines will include an explanation of the roles and responsibilities of technical representatives, organization of working groups and use of Forum resources (e.g. website), among others. (1st Quarter USAID FY01)
- 2) Technical Secretariat submits the Forum's annual work plan, corresponding to USAID FY01, to Steering Committee for review. (1st Quarter USAID FY01)
- 3) Steering Committee reviews quarterly reports on implementation of work plan activities and provides guidance for future activities. (Follow USAID FY01 Reporting Schedule)
- 4) Steering Committee members assigns representatives within their institutions to actively participate in Forum activities, meetings and working groups. (USAID FY01)
- 5) The Steering Committee will hold one physical meeting per year to be arranged by the Technical Secretariat, which will also be in charge of organizing periodical virtual meetings. (USAID FY01)
- 6) Technical Secretariat continuously informs Steering Committee members, and vice versa, of events and activities related to decentralization and local governance in the LAC Region. (USAID FY01)

B. Information Exchange and Networking

Result: Website and other tools provide Forum members, regional organizations, municipal associations and local governments with better access to information about decentralization and donor and technical assistance agencies' local governance projects.

Indicators:

- E-newsletter is distributed to Forum members on a bimonthly basis.
- Up-to-date information and materials on local governance projects, events, and activities is posted on Forum's interactive website.
- Representatives from regional organizations, municipal associations and local governments inform Technical Secretariat about and attend relevant events and activities promoted by the Forum's Technical Secretariat.

Activities:

- 1) Technical Representatives for new Forum members are identified and engaged in Forum activities. (USAID FY01)
- 2) Technical Secretariat prepares and distributes E-newsletters via Listserve and the Forum's website every other month. The E-newsletters highlight decentralization/local government events, available resources (e.g. materials, information, websites), and innovative programs for local governments, municipal associations, and donor or technical assistance agencies. Undoubtedly, Forum members will share this information with colleagues working on the subject. Should these persons become interested in participating in the Listserve, they will be referred to the Technical Secretariat, which will filter

subscriptions to the Listserve. Forum members will be encouraged to inform the Technical Secretariat of relevant information and updates for the E-newsletter. (USAID FY01)

- 3) The website for the Forum is continually updated through ICMA's contract with Net Assessment, Inc. ICMA will also designate a page administrator to facilitate updates. The Forum Website will contain the following sections:

- Home
- News and Proceedings
- About the Forum
- Site Map
- Contact Boards
- Message Board
- Library
- Policies and Processes
- Search.

The Technical Secretariat will inform Forum members about events, meetings, or conferences which might be of interest to them. Furthermore, the Technical Secretariat will determine where there might be an interest in having several Forum members participate and/or holding a panel or working group meeting on a related topic. Members of the Forum will also be encouraged to inform the Technical Secretariat of events such as these, so as to inform other Forum members. A key aspect here is enhancing the ability of the Technical Secretariat to obtain information from and boost the interest on the part of Forum members to report on exchanges that might have occurred formally or informally between Forum members. The Technical Secretariat will encourage attendance at relevant meetings. (USAID FY01)

C. Membership Outreach/Expansion

Result: Increase membership of institutions in the field of decentralization and local governance to the Forum.

Indicators:

- Caribbean institutions working in decentralization and local governance or associations of Caribbean local governments become members of the Forum.
- Number of new participants in Forum events (including hits on website) and requests for information

Activities:

- 1) The Unit for the Promotion of Democracy at the OAS will finalize the proceedings from the OAS Jamaica Conference. The Technical Secretariat will then disseminate proceedings to Forum member participants through its website and announcement in E-newsletter (1st Quarter 2000)
- 2) The Technical Secretariat will develop an outreach strategy targeted at increasing participation of Caribbean institutions, associations, local governments, and NGOs in the Forum. ICMA will identify a liaison within CALGA and other Caribbean institutions to provide them with information on the Forum's activities and resources. ICMA will work alongside the Federation of Canadian Municipalities, the OAS and other current members of the Forum to try to increase participation and representation of the Caribbean in the Forum. (Develop Caribbean outreach strategy in 1st Quarter USAID FY01 and implement in 2nd-4th Quarters USAID FY01, subject to additional funding from USAID)
- 3) The Technical Secretariat will work through its current members to disseminate information within and outside their member organizations about the Forum and its resources. (USAID FY01)
- 4) The Technical Secretariat will develop and implement a marketing strategy for the Forum and the website. The strategy will look to disseminate information on how the website and other resources can support member activities and facilitate information sharing. The Technical Secretariat will showcase results from the working groups to appeal to members of the Forum who have not been as active in the past and other organizations working in the field of local government and decentralization. It is also expected that as a result of this marketing strategy, members will provide additional documentation for

the website, such as institutional policies, reports, and case studies, as well as information on events and activities in the field of decentralization that can be shared with other members. (Develop strategy in 1st Quarter USAID FY01 and implement in 2nd-4th Quarters USAID FY01)

D. Working Groups

Result: Improved technical coordination and information sharing among members of the Forum.

Indicators:

- Thematic working groups and discussion groups actively engage participants in Forum activities.

Activities:

- 1) Working groups on training, municipal finance, disaster mitigation and performance measurement are organized. (Training and municipal finance groups are organized during the 1st and 2nd Quarters of USAID FY01; disaster mitigation and performance measurement are launched during the 2nd Quarter of USAID FY01). The Technical Secretariat will identify one donor organization to lead each working group. An ICMA representative will also be identified and will act as the technical liaison to the working group and provide support to its activities. Technical Representatives will be asked to identify a member of their organization who would best represent their institution as their representative to the working group.
- 2) Representatives in charge of working groups will coordinate activities with the Technical Secretariat liaison. Technical Secretariat will conduct research and provide support for working group activities. The first task of the leaders of the working groups and Technical Secretariat liaisons is to prepare work plans which clearly demonstrate the objective of the working group, expected results and activities/events. Work plans for all working group will be ready by the 3rd Quarter of FY01.
- 3) Working groups will make full use of the Forum website and other IT resources to improve information exchange and to inform the rest of the Forum members about the working group results. (USAID FY01)
- 4) A discussion group will be held on the topic of decentralization. This discussion group will be led by an expert from a member organization or an independent consultant contracted by the Technical Secretariat. The discussion will take place on the Forum's bulletin board. The product of this discussion will be a document outlining different perspectives on decentralization and will be placed on the Forum's website. The Technical Secretariat will consult with the members of the Steering Committee to identify the expert and determine whether the discussion will be a general one or one based on a specific country's experience. Special attention will be paid to the issues brought out during the OAS Roundtable on Decentralization held in April 2000 (discussion organized end of 1st Quarter USAID FY01 and held end of 1st or beginning of 2nd Quarter FY01)
- 5) The Technical Secretariat will consult with the Steering Committee on whether or not to launch a working group on the role of municipalities in alleviating poverty. The Technical Secretariat will coordinate with CEPAL to determine what the parameters of the discussion group will be. The Technical Secretariat will organize with CEPAL a panel on the topic at the IDB Annual Governor's Meeting in Santiago, Chile in March 2001. (2nd and 3rd Quarters USAID FY01)

E. Summit of the Americas Follow-Up

Result: Improved knowledge of and involvement in Summit preparation activities by Forum member participants.

Indicators:

- Thematic working groups discuss issues related to the Summit's mandate on strengthening municipal and regional administrations, specifically those issues outlined in the Miami Declaration of Mayors, and coordinate with Summit working groups (TBD)
- Information obtained by PARTICIPA through its subcontract with ICMA under this Agreement shared with Forum member participants through its website

Activities:

1. Meetings held with John Graham (FOCAL/FCM) and OAS Summit coordinators to determine ways that Forum working groups can collaborate with and add value to Summit working groups (TBD)
2. Information obtained by PARTICIPA is shared with Forum member participants through its E-newsletter and website. Discussion is fomented through an electronic forum to solicit comments on results (2nd Quarter FY01)

F. Best Practices

Result: Greater knowledge and sharing of best practices in local government management and in technical assistance programs among Forum member participants

Indicators:

- Case studies of municipal best practices prepared by Habitat through a subgrant under this Agreement are disseminated to Forum member participants and specifically to IULA/CELCADEL and FEMICA for posting on their respective websites
- Forum website includes section on best practices in technical assistance programs, featuring donor/technical cooperation agency collaboration in program design and implementation.

Activities:

1. Forum member participants are made aware of municipal best practice case studies developed by Habitat (as well as the Municipal Best Practices Forum for Latin America and the Caribbean) and encouraged to comment through the Forum list serve or bulletin board (1st and 2nd Quarters FY01)
2. Technical Secretariat develops strategy to gather examples of technical assistance practices in local governance and decentralization that have included collaboration among several donors or technical cooperation agencies in their design and/or implementation (2nd Quarter FY01)
Examples are posted on Forum website (FY01)

ANNEX III:

Context for E-Conference on Financial Reporting and Disclosure in Capital Markets

**EMAIL CONFERENCE ON FINANCIAL REPORTING AND DISCLOSURE IN CAPITAL
MARKETS:**
OCTOBER 30 - NOVEMBER 3, 2000

INTRODUCTION

A capital market depends on many conventions of accepted practices and principles, as well as formal rules, to operate efficiently. Financial reporting and disclosure are some of the most fundamental of these conventions. It is not just an issue of providing accurate data and posting an honest bottom line. It is also a matter of providing relevant, comparable and analytical information on a consistent basis so the market can form reasonable expectations with regard to risk and return on investment and allocate capital accordingly. The question of how and what financial information is reported, including methods for measuring financial performance and for presenting a complete picture of financial position, reaches well beyond considerations of fraud, abuse, unfair advantage and the other vagaries that bring on government regulation. It is a priority to the actors in the market who make their decisions based on the financial information that is made available to the market. So it is these investors who collectively set the standards and enforce the generally accepted practices and principles.

Indeed, all conventions, particularly those for financial reporting and disclosure in a mature capital market where the stakes and the number of actors is high, require consensus and support from a system that responds in a timely and dispassionate manner to changing needs and conditions. The system that sets the standards in the United States is known generally as the accounting standards system. It is coordinated by the Financial Accounting Foundation (FAF), a non-governmental institution that names the members of a board for the governmental sector, Government Accountings Standards Board (GASB), and for the non-governmental sector, Financial Accounting Standards Board (FASB). Supported by professional staffs and kept current on the needs and conditions in the field by an advisory council of representative practitioners, these boards set the standards for their respective sectors.

Process is at least as important as product in this system. Each board observes a protocol for introducing, airing and setting new standards. Apart from the input that is provided by their representative on either the executive board or the advisory council, all of the interested actors, including organizations like the American Institute of Certified Public Accountants and the Government Finance Officers Association of the United States and Canada (GFOA), have ample opportunity to comment on every new standard that is considered.

The government plays no greater a role than the other actors who participate in the standard setting process. It provides input that the board takes into account alongside that of the other interested parties. Of course, only the government can set out and enforce the laws that legally regulate financial reporting and disclosure, but these laws usually set the minimum limits for the standards and represent only a small part of the body of generally accepted accounting practices and principles (GAAP).

The result is that the conventions for financial reporting and disclosing in capital markets in the United States are independent of the control of government and, for that matter, any other interested party (i.e. borrower, investor, etc.) in the market. The success of these markets should serve at least in part as an indicator that the system that sets the standards for financial reporting and disclosing functions well.

This system is proven to be necessary and effective in the established capital markets in the United States, but what about emerging markets? Who are the actors there? What are their needs for financial reporting and disclosure? How can standards for this critical activity best be developed or encouraged? Is it accurate to assume that what is required in the capital markets in an industrialized country is also needed in emerging markets? These are all critical questions raised by any effort to assist the development of local capital markets.

CONTEXT AND ORIENTATION

Many in the international development cooperation community believe that successful development implies fiscal decentralization and the vision of sub-national governments enjoying direct access to local capital markets. This view raises many questions for development planners. What are the building blocks of a local capital market? Which ones are the most critical? Of these, which ones can be achieved with outside assistance or through government intervention? Which ones take a lot of time because they require a change in institutional culture or the establishment of new business traditions and conventions? Can best practices from developed capital markets be used to assist developing markets?

During the week of October 30-November 3, the International City/County Management Association (ICMA) will host a conference via email on a particular aspect of the topic of assisting emerging capital markets: financial reporting and disclosure for capital markets. ICMA is holding this conference in partial fulfillment of its mandate as Technical and Executive Secretariat of the Forum for Cooperation in Local Government in Latin America and the Caribbean, (the Forum), which is to strengthen the dialogue and coordination among international development agencies. The E-conference will consist of five days of a structured rolling debate among the discussions of a closed panel of six practitioners from the fields of financial reporting and disclosure and capital banking in the United States. Members of the Forum who wish to participate in the discussion via this temporary listserve, will receive broadcasts of the panel debate and be encouraged to submit questions and comments to enrich the discussion among the experts and other E-conference participants. The purpose of this E-conference is to enrich the current dialogue on assisting emerging capital markets occurring among some of the members of the Forum by presenting from the standpoint of practitioners how financial reporting and disclosure works in a successful capital market. It is hoped that through this robust exchange of views between different practitioners involved with the capital market in the United States, planners for international development institutions active in Latin America will gain a common basis for discussing and cooperating over this important topic.

METHODOLGY AND PROCEDURES

Each day of the virtual conference, the panelists will be invited to focus on a different set of issues taken from a short list of priority questions selected by a sub-committee of the Forum dealing with local government finance issues, including but not limited to:

- Who are the actors in a capital market that is open to local governments? What are their needs for financial reporting and disclosure?
- What kind of system does it take to meet these needs? Government involvement?
- What are the characteristics of the ideal system for meeting the financial reporting and disclosure needs in a capital market that is open to local governments?
- What are the minimum needs for financial reporting and disclosure in developing capital markets?
- How is a system that meets at least these basic needs best assisted in developing countries?

The panelists will be encouraged to share their views as well as their knowledge of the issues. Depending on the their individual time constraints, they will have the opportunity not only to respond to the questions the moderators pose at the beginning of the day, but also to comment on the responses from the other panelists. The moderators will forward to the temporary Forum listserve all the remarks the panelists make, duly crediting each author for his/her contribution. Subscribers to this temporary Forum listserve, while not able to engage the panelists directly, will be encouraged to reply to the listserve with questions and comments which the moderators will assimilate into the debate according to the level of interest shown by the listserve audience. It is expected that Forum participants will also engage in a discussion among themselves. After the conference closes, the moderators will prepare and distribute to the Forum participants a synopsis of the conference. This unique body of information will also be posted on the Forum's website for access by other Forum members who were unable to participate in the E-conference.

The panelists represent a cross-section of professionals who work either in the system that sets standards for financial reporting and disclosure or in the market that depends on those standards:

Rob Stout	Finance Director for the City of Modesto, CA; member of the Government Accounting Standards Advisory Committee
Bruce Haddock	City Manager for the City of Oldsmar, FL; member of the Government Accounting Standards Advisory Committee
Patrick Pate	Assistant City Manager for the City of High Point, North Carolina; member of the Executive Board for the Government Finance Officers Association (GFOA),
David Bean	Director of Research for the Government Accounting Standards Board (GASB)
Laura Barrientos	Vice President/Senior Analyst for Sub-Sovereign credits for Moody's Investors Service
Noe Hinojosa	Partner with the capital banking and financial advising firm of Estrada Hinojosa & Company.

Elizabeth Bauch, Senior Financial Advisor with USAID's Regional Urban Development Office in Guatemala, and Oscar S. Rodríguez, Senior Municipal Advisor, for ICMA will make up the team of moderators.

The objectives of the conference are two: (1) to provide for the benefit of Forum participants the practitioner's view of the issues and factors involved in financial reporting and disclosure conventions that serve capital markets, and (2) to promote innovative approaches for the dissemination of useful technical information by providing special access to relevant and specific expertise. Both objectives seek to further communication and inter-institutional learning among Forum participants. In this respect, it is also hoped that broadening the knowledge of how things work at the micro level will help planning at macro level.

To participate in the conference through the temporary listserve, send your name, institution and email address via email to Noy Villalobos at ICMA: Nvillalobos@icma.org.

ANNEX IV:

E-Newsletter

LAC FORUM E-NEWS

The Secretariat will be sending the E-News Bulletin every two months with information about the Forum and from the Forum. Please send interesting news items to nvillalobos@icma.org for inclusion in the LAC Forum E-News Bulletin. Thank you!

PAST EVENTS

Forum Steering Committee Meeting

August 17, 2000

The Forum's Steering Committee held a telephone conference in mid-August to discuss several issues regarding the Forum and its resources. The final minutes of the telephone conference are attached for your information. If you have any comments or suggestions, please contact the Technical Secretariat at nvillalobos@icma.org.

Association of Mexican Municipalities meet with President Elect Vicente Fox

Mexico, D.F., September 20, 2000

The Board of Directors of the Association of Mexican Municipalities (AMMAC) met with President Elect Vicente Fox Quesada and his transition team on September 20th to discuss strategies for strengthening Mexican municipalities. AMMAC proposed five key reforms aimed at empowering local governments and improving their capacity to leverage funds and deliver services more efficiently. Mr. Fox was also invited to inaugurate AMMAC's Annual Assembly scheduled for November 29, 2000.

Visit www.ammac.org.mx for additional information (Website in Spanish)

Anti-Corruption Summit 2000, XV International Financial Management Conference

Arlington, VA, September 21-23, 2000

The USAID Americas Accountability Anti-Corruption Project and The International Consortium on Governmental Financial Management organized the Anti-Corruption Summit: XV International Financial Management Conference. Mr. J. Brady Anderson, USAID Administrator, inaugurated the event with a speech on USAID's Concerns about Corruption's Effect on Development. Mr. James D. Wolfenson, President of the World Bank, also participated along with a cadre of internationally reknowned experts in the field of anti-corruption.

Final proceedings of the conference will be available in English and Spanish on www.anti-corruption.net in October 2000. For more information contact Sylvia Rodríguez at srodriguez@casals.com.

UPCOMING EVENTS

E-Conference on Municipal Finance

Week of October 30, 2000

The Forum's Municipal Finance Working Group will hold a one-week E-Conference to discuss Financial Reporting and Disclosure in Capital Markets. Topics to be addressed include a discussion of the actors in capital markets and their needs for financial reporting and disclosure, the type of system such reporting requires, and how it would be best assisted in developing countries. The moderators for this event will be Elizabeth Bauch from USAID/RUDO Guatemala and Oscar Rodríguez from ICMA. For additional information, please see the attachment. If you would like to participate in this one-week event, please send an e-mail to the Technical Secretariat at nvillalobos@icma.org. Be sure to include your name, institution and e-mail address.

World Digital Government Congress

Washington, DC, November 13-15, 2000

The World Digital Government Congress aims to bring together local government authorities from around the world to develop tomorrow's best practices in e-Government with the private sector. Topics to be discuss include government leadership through digitalization, improving services while reducing costs, creating user-friendly government interfaces, measuring digital performances and building an IT competitive advantage.

For more inforamtion please visit www.digitalgovernment2000.com/Default.htm.

Conferencia Internacional sobre Políticas Sociales en el Nuevo Siglo ¿Nueva Cuestión Social?

Concepción, Chile, November 21-24, 2000

Participants at this international conferences will identify issues which can bolster or obstruct social policies in Latin America, analyze approaches to developing social policies and analyze case studies. General topics for discussion include gender, decentralization and regional development, municipalities and local development, human rights, education and access to justice.

For additional information and registration information visit www.ubiobio.cl/cps.

NETWORKING OPPORTUNITIES

Latin American Research Network

The IDB's Latin American Research Network was created to strengthen the research capacity of the region and contribute to the development policy agenda in Latin America and the Caribbean. For more information on the network and on how to become a member visit www.iadb.org/OCE/about_research_network.htm.

TRAINING OPPORTUNITIES

Programa de Cooperación Horizontal para Becas de Adiestramiento (CHBA)

The Inter-American Agency for Cooperation and Development (AICD), the Unit for the Promotion of Democracy of the OAS through the CHBA, the Government of Colombia through ICETX and with the auspices of the College of Political Science and International Relations of the Pontificia Universidad Javeriana, offer a certificate program on “Decentralization and Local Governments, with an emphasis on Citizen Participation in the Andean Region.” For additional information visit www.upd.oas.org/democratic/Decentralization/Spanish/Javeriana.2000.doc.

For comments or input to the LAC Forum E-News Bulletin, please contact Noy Villalobos of the Forum Technical and Executive Secretariat at the following e-mail: nvillalobos@icma.org.

ANNEX V:

Quarterly Financial Report Summary